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Surprise in TV – “Shark Tank”

By [João](#) on June 9, 2014 at 8:00 am

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The sharks...

The rather popular ABC series “Shark Tank” (<http://abc.go.com/shows/shark-tank/index>) is now in its 5th season, but I only recently heard about it (perhaps because in Portugal, it is being broadcast in a channel mostly targeted at teenagers and young adults...). I halted my zapping when I heard a rather unexpected (in that station) business and financial language.

ABC explains: “The Sharks (tough, self-made, multi-millionaire and billionaire tycoons) (...) give budding entrepreneurs the chance to make their dreams come true and potentially secure business deals that could make them millionaires.” It was clear that having a good business idea or product was far from being sufficient for contestants to persuade investors. “Business-oriented” questions, such as “What competing products exist?” and “How do plan to distribute it?” were hand-in-hand with questions on the financials of the business. Revenues, fixed costs, margins were, of course, part of the discussion. You will recognise that the question “How much volume do you need to significantly reduce your raw materials cost?” is related with the Break-even model – in this case, identifying the volume at which the assumption of constant unit variable costs no longer holds. The criticism of an investor that “You want to get additional funding so that you can retrieve the salaries that you did not receive over the last few years??” (because of past losses and investments) can be traced to the well-known notion of sunk costs – and their irrelevance for decision, including for these new potential investors. Other examples related to management accounting topics also came across.

I will not say that watching the series is the best way to study for courses like management accounting or financial analysis (and I am not awarding quality seals for academic/technical accuracy of a TV show!). But it does integrate nicely the many perspectives relevant in real-life settings. Business ideas and models, financial evaluations, and even more intangible topics like the trust gained by the contestant, ethical dimensions of the business or potential risks for the investors – these were all issues that came across in the 30 minutes of TV I watched.

Better than many other TV series out there, in my opinion...

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